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PALESTINE REFUGEE PROBLEM

COMMERCIAL EMPLOYMENT PROSPECTS FOR REFUGEES IN THE MIDDLE EAST

I. Prospects for employment of Palestine Refugees on commercial projects (i.e. other than government-sponsored projects) are limited to possibilities resulting from oil pipe-line construction. No other large new private operations are in sight, and local labor resources may be expected to prove adequate for any which may develop in the near future. Indeed, refugee employment on pipe-line construction will be limited by the competition of local labor for the jobs.

II. Large investments have been projected by American and European oil companies for construction necessary to accomplish the scheduled increase in production and marketing of petroleum from Middle East sources. The projects contemplated, to the extent they are actually implemented, should provide fairly substantial local employment in their construction, including possible employment of several thousands among the Palestine refugees. The prospects are subject to considerable qualification, however, since:

(1) the anticipated approach of a world surplus position in petroleum is resulting in cutbacks in planned expansion of oil production;

(2) the current and projected expansion of oil refinery capacity in Europe diminishes the prospects for new refinery construction in the Middle East; and

(3) most of the pipe-line projects are in tentative status, and their construction depends, among other factors, upon the negotiation of transit rights as well as upon future United States export allocations of large steel pipe.

III. For practical purposes, the prospects of any significant employment of Palestine refugees in commercial projects in the Middle East may be considered as confined to oil pipe-line construction. Such prospects as there are of increased employment in the development of oil-field production are likely to be met (aside from foreign experts with high technical skills) from local sources. Employment prospects in refinery construction in the Middle East are likely to be limited to the Arabian-American Oil Company's Mediterranean Refinery Company's project in Lebanon. It is estimated that this construction would employ 2,000-3,500 men continuously for two years, which would relieve somewhat the local unemployment situation in the Lebanon.

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IV. A number of important pipe-line projects are under construction or contemplated in the Middle East. These include:

1. Tapline: The Arabian American Oil Company's major project for a 30-inch line from the Persian Gulf to a Mediterranean port in the Lebanon, a distance of 1,067 miles. Construction was recently resumed after the licensing for export from the United States of an additional quantity of pipe. However, Syrian ratification of the long-delayed concession for construction of the line across Syrian territory is still being awaited.

2. The Iraq Petroleum Company is supplementing its double 12-inch line from Mosul to Tripoli (Lebanon) and Haifa (Israel) with a double 16-inch line. The branch to Haifa is almost complete, and ready for completion when oil is again allowed to flow to Haifa; the branch to Tripoli should be completed during 1949. In addition, a 30-inch pipeline is contemplated, probably to terminate in Tripoli; this four-year project will not begin within a year and would run at least through 1953 if the pipe (for about 750 miles) becomes available from the United States.

3. The so-called Middle East Pipeline is projected to run from Abadan, Iran (at the head of the Persian Gulf) to the Mediterranean, by the Anglo-Iranian, Socony and Jersey (Standard) Companies, for about 1,000 miles of 34-36 inch line. Transit rights are being negotiated for; if obtained, and pipe becomes available from the United States, construction could probably begin in 1950 and last through 1952 or 1953.

4. The Kuwait pipe-line is a project being considered by the Kuwait Oil Company (Anglo-Iranian and Gulf Oil Companies) to run from Kuwait, at the head of the Persian Gulf, to the Mediterranean; negotiations for transit rights have not yet been instituted and construction, if initiated, would probably follow completion of Tapline and Middle East pipelines.

V. Prospects for the construction of the large (30-inch and over) pipelines depends upon:

(a) The negotiation of transit rights; even the completion of Tapline, now under construction requires transit rights from Syria;

(b) Availability of large steel pipe; this depends on production facilities in the United States and involves questions of commercial scheduling, domestic requirements (as for natural gas lines in the United States) and export allocation;

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(c) Decision of the companies to go ahead: if Tapline is completed, cost competition may be expected to necessitate the construction of the Middle East and Kuweit lines; French interest in the French share of Mosul oil will presumably assure fulfilment of the IPC projects.

VI. Accordingly, if Tapco is accorded transit rights by Syria and export licenses for main-line pipe to completion, if the Palestine situation favors pipeline construction in the Middle East, and if adequate supplies of large pipe become available for the other projects, the prospects on an optimistic basis appear to be:

1949-50 (1) Completion of IPC 16" line to Haifa and construction of IPC 16" line to Tripoli (Lebanon) - 750-800 miles total.

(2) Completion of Tapline 30" line through Saudi Arabia, Transjordan, Syria and Lebanon - about 900-950 miles.

1950-53 (1) Construction of Middle East Pipeline from Abadan to the Mediterranean (presumably through Iraq and Syria including possibly Trans-Jordan and Lebanon) - about 1000 miles of 34" to 36" pipeline.

(2) Construction of IPC 30" line to Mediterranean - about 750 miles.

1953-55 (1) Construction of Kuweit 30" pipeline from Kuweit to the Mediterranean, about 1,000 miles.

VII. It is difficult to estimate local employment prospects resulting from these pipeline projects, owing to extremely wide divergence between available sources of information. One estimate that construction of the Tapline will employ "2,000 Syrians and 2,000 Lebanese" contrasts with another estimate of 20,000 workers. The most liberal estimate that appears reasonable would indicate that if all of the pipeline projects are put into construction in accordance with present tentative plans, they could possibly mean total direct local employment of 10,000 to 15,000 workers for a period of several years. A large proportion of these workers would be drawn from the local population. Perhaps therefore, to make a rather arbitrary and optimistic estimate, the proportion drawn from the Palestine Refugee population might possibly run somewhere around 5,000 at most.

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